FACT SHEET
THE SUSTAINABLE COMMODITIES COMPENSATION MECHANISM (SCCM)

WHAT IS THE SCCM?
A conservation-finance platform developed to support sustainable supply chain commitments.

HOW DOES IT WORK?
The SCCM directly links finance from partnering companies to a portfolio of domestically located ecosystem restoration and conservation projects to meet RSPO and other compensation requirements.

BENEFITS FOR RSPO MEMBER COMPANIES
- Delivers economic efficiencies through an aggregated project portfolio and a linked investment fund.
- Enables companies to extend compensation payments over time or as a lump sum.
• Portfolio approach minimizes contractual and operational risks associated with 25-year conservation initiatives.

• A turnkey solution for the RSPO compensation process, from concept note to reporting.

• A diverse array of projects are fully licensed and meet RSPO requirements, including Village Forest, Ecosystem Restoration (ERC) and REDD+ projects.

BENEFITS FOR THE CONSERVATION SECTOR
• Unlocks new market demand for ecosystem services, powered by the very commodity sectors driving land use change.

• Offers full transparency on where liability payments are directed, along with M&E data on how initiatives perform against their conservation, biodiversity and social objectives.

• The SCCM portfolio selects high-quality projects that follow internationally recognized standards and best-practices, setting a high bar for RSPO-approved compensation strategies.

BENEFITS FOR THE FINANCIAL SECTOR
• Increases potential agricultural crediting market by providing an independent mechanism to help manage sustainability liabilities of clients in bank lending and investment portfolios.

• De-risks bank exposure associated with lending to uncertified clients.

BENEFITS FOR CONSUMER GOODS MANUFACTURERS
• Rapidly increases the number of growers who have met their compensation requirements and thus the long-term supply of RSPO certified palm oil.

• Creates a pathway to membership for prospective new RSPO member producers by facilitating the compensation process, further increasing potential CSPO supply.

• Creates a pathway for suppliers to meet existing and future CGM sustainability commitments in a transparent, efficient and equitable manner.

BENEFITS FOR RETAIL SECTOR
• Creates a transparent mechanism for retailers to ensure that raw materials of goods they sell are sourced without historical deforestation liabilities.

• Provides context and focus on the real-world impact of conservation and ecosystem restoration initiatives.
THE PATH TO SCALE
BEYOND THE RSPO: LEVERAGING THE LESTARI CAPITAL PORTFOLIO FOR OTHER MARKETS, INCLUDING:

- Other voluntary palm oil commodity sustainability commitments
- Other commodities sectors, including pulp/paper, soya, and beef
- The aviation, energy, IT and transportation sectors

A LINKED INVESTMENT FUND
At sufficient scale, the SCCM will leverage capital commitments to make related impact investments in the land-use sector to promote greater sustainability and improve livelihoods. These impact investments potentially include smallholder replanting programs and startup capital for new conservation and biodiversity initiatives.

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